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EXTRAORDINARY

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PUNJAB VIDHAN SABHA SECRETARIAT

NOTIFICATION

The 30th June, 2022

No. 8-PLA-2022/31.- The Punjab Fiscal Responsibility And Budget Management (Amendment) Bill, 2022 is hereby published for general information under the proviso to rule 121 of the Rules of Procedure and Conduct of Business in the Punjab Vidhan Sabha (Punjab Legislative Assembly):-

BILL NO.8-PLA-2022

THE PUNJAB FISCAL RESPONSIBILITY AND BUDGET
MANAGEMENT (AMENDMENT) BILL, 2022

A

BILL

further to amend the Punjab Fiscal Responsibility and Budget Management Act, 2003.

BE it enacted by the Legislature of the State of Punjab in the Seventy-third Year of the Republic of India.

1. (1) This Act may be called the Punjab Fiscal Responsibility and Budget Management (Amendment) Act, 2022. Short-title and commencement.

Amendment in
section 4 of
Punjab Act No.
11 of 2003.

(2) It shall come into force on and with effect from the date of its publication in the Official Gazette.

2. In the Punjab Fiscal Responsibility and Budget Management Act, 2003, in section 4, in sub-section (2), for clause (a), the following clause shall be substituted, namely:-

“(a) contain fiscal deficit as per cent of Gross State Domestic Product (GSDP) at 3.5 per cent (three and a half per cent); and an additional amount equivalent to the employer's and employee's share of contribution of its employees pertaining to the financial year 2022-23 actually deposited with the designated authority i.e. the National Securities Depository limited (NSDL)/trustee bank as per the guidelines of the National Pension System (NPS); and an additional amount equivalent to carry forwarded unutilized borrowing out of the Borrowing Ceiling allowed for the previous years; and an additional amount equivalent to interest free loan availed under the “Scheme for Special Assistance to States for Capital Investment for 2022-23”, in the financial year 2022-2023, and maintain thereafter at 3.0 per cent (three per cent) or as allowed by the Government of India from time to time;”.

STATEMENT OF OBJECTS AND REASONS

In line with the recommendations of the Fifteenth Finance Commission (FC-XV), Government of India has decided to fix the Normal Net Borrowing Ceiling for the States for the Financial Year 2022-23 at 3.5 per cent (three and a half per cent) of the projected GSDP, which was 4.0 per cent (four per cent) of the GSDP for the Financial Year 2021-22. State shall also be allowed extra borrowing ceiling based on contribution under National Pension System (NPS).

2. State has also been allowed to avail its unutilized borrowing out of the Borrowing Ceiling allowed for the previous years and can also avail fifty year interest free Loan under "Scheme for Special Assistance to States for Capital Investment for 2022-23" from Government of India, over and above the 3.5 per cent Normal Net Borrowing Ceiling.

3. The State Government has accepted the decision of the Government of India to contain its fiscal deficit as per cent of Gross State Domestic Product (GSDP) at 3.5 per cent (Three and a half per cent) plus an additional amount equivalent to the employer's and employee's share of contribution of its employees pertaining to financial year 2022-23 actually deposited with the designated authority i.e. 'National Securities Depository limited (NSDL)/trustee bank as per the guidelines of National Pension System (NPS); plus an amount equivalent to carry forwarded unutilized borrowing out of the Borrowing Ceiling allowed for the previous years plus an additional amount equivalent to interest free loan to be availed under "Scheme for Special Assistance to States for Capital Investment for 2022-23", in the financial year 2022-2023, and maintain thereafter at 3.0 per cent (three per cent) or as allowed by Government of India from time to time.

4. Therefore, the State is required to amend its Fiscal Responsibility and Budget Management Act, 2003 accordingly. Hence this amendment/enactment.

HARPAL SINGH CHEEMA
FINANCE MINISTER, PUNJAB

FINANCIAL MEMORADUM

In line with the recommendations of the Fifteenth Finance Commission (FC-XV), Government of India has decided to fix the Normal Net Borrowing Ceiling for the States for the Financial Year 2022-23 at 3.5 per cent (three and a half per cent) of the projected GSDP, which was 4.0 per cent (four per cent) of the GSDP for the Financial Year 2021-22.

2. State shall also be allowed extra borrowing ceiling based on contribution under National Pension System (NPS). Further, the State has also been allowed to avail its unutilized borrowing out of the Borrowing Ceiling of previous years and can also avail fifty year interest free Loan under “Scheme for Special Assistance to States for Capital Investment for 2022-23” from Government of India, over and above the 3.5 per cent (three and a half per cent) Normal Net Borrowing Ceiling.

3. The proposed amendment in clause (a) of Sub-section (2), of Section 4 of the Fiscal Responsibility and Budget Management Act, 2003 will result in eligibility for Normal Net Borrowing Ceiling of Rs. 22,044 Crore and additional borrowing limit of Rs. 2,742.85 Crores for the State of Punjab in addition to availment of unutilized borrowing out of the Borrowing Ceiling allowed for the previous years up to Rs. 20,905 Crores and availment of fifty year interest free Loan of approximately Rs. 1,446 Crores, during the Financial Year 2022-23.

The Governor has, in pursuance of clause (1) and (3) of Article 207 of the Constitution of India, recommended to the Punjab Legislative Assembly, the introduction and consideration of the Bill.

CHANDIGARH
THE 30TH JUNE, 2022

SURINDER PAL,
SECRETARY.